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SUBJECT: CODEL MEEKS: PRAISE FOR "CHILEAN WAY;" EXCELLENT BILATERAL RELATIONSHIP WILL CARRYOVER TO NEW U.S.

ADMINISTRATION

REF: SANTIAGO 1105

Summary

¶1. (SBU) Visiting CODEL Meeks emphasized to Acting President Perez Yoma that Chile's success in reducing poverty, establishing democratic institutions, and committing to open trade policies was much appreciated in the U.S., and that its policy choices are worthy of emulation. Chairman Meeks was confident the "excellent" U.S.- Chile relationship would be continued by the incoming U.S. administration. Perez Yoma noted Chilean satisfaction with the state of relations - "normal and low-profile" - with occasional disputes (such as on trade) resolved amicably. Perez Yoma worried about the global financial crisis which, he said, would hit Chile "hard" early in 2009. Perez Yoma also informally agreed to a request to station some DEA personnel expelled from Bolivia in Chile. End summary.

¶2. (U) Representative Gregory Meeks (D-NY) led a CODEL to Chile December 15-17, joined by Ruben Hinojosa (D-TX) and Paul Ryan (R-WI). The three met December 16 with Interior Minister Edmundo Perez Yoma (acting also as President during the absence of Michelle Bachelet, who was in Brazil) to discuss the overall state of U.S.- Chile relations. Also at the meeting were Ambassador Simons, E/Pol Counselor, several CODEL staffers, and a GOC notetaker.

Spread the Good News

¶3. (SBU) Chairman Meeks told Perez Yoma he wanted "to thank Chile and President Bachelet" for being such a good friend to the U.S. The U.S.-Chile Free Trade Agreement (FTA) had laid the foundation for enhanced cooperation and had also benefited both sides economically. This was a message that had to be broadcast widely. Moreover, Chile's ability to reduce poverty drastically, establish firm democratic institutions, and establish open trade ties globally was "nothing short of miraculous." Meeks stressed his view that others should "get the hint" and follow the model. Meeks offered that the U.S.-Chile relationship is great and that the incoming U.S. administration would want to build on the strong foundation. Meeks said that President-elect Obama understands the regional approach necessary to resolve issues in Latin America and noted, also, that the President-elect had voted for the U.S.-Peru FTA. His CODEL reflected, too, a bipartisan approach to maintaining good relations with Chile.

¶4. (SBU) Perez Yoma replied that President-elect Obama's election had been viewed "very favorably" in Chile,

especially by its youth, who all wanted to be the "Chilean Obama." Perez Yoma described relations as "very good," thanks in part to a stream of U.S. ambassadors who had worked to maintain "low-profile, normal" relations. Trade issues, including agricultural disputes, had been resolved expeditiously; both sides work well together. Perez Yoma expected relations to remain on a positive, even-keel with the new U.S. administration.

Chile Awaits the Other Shoe

15. (SBU) Rep. Ryan noted he was impressed with the Chilean pension system. Perez Yoma replied that the system was still functioning well, despite the global financial breakdown, although pension holdings had dropped dramatically. He had been surprised by the relatively low level of "political criticism" the losses had generated. Perhaps there is "faith in the system; if it can survive this, it can survive anything." Perez Yoma continued that Chile had yet to see the worst of the financial crisis. While the overall national unemployment rate was still only at 8.2 percent, he expected that to rise to 10.5 percent by March/April 2009, when seasonal agricultural and service industry jobs petered out. And in some regions dependent on exports - such as the BíoBío region - where the forest industry was already suffering, unemployment could reach 15 percent.

OK to DEA

16. (SBU) Both Chairman Meeks and Rep. Hinojosa strongly seconded the Ambassador's request to Perez Yoma that Chile accept the stationing in Chile of some DEA personnel expelled from Bolivia; the Ambassador noted the expulsions could have destabilizing effects in the region. Perez Yoma agreed to the request (reftel).

Other Regional Topics

17. (SBU) Noting that the CODEL was moving on next to Buenos Aires, Rep. Ryan asked for any counsel Perez Yoma might offer on what to watch out for when meeting with Argentine interlocutors. Perez Yoma, who had served as Chilean ambassador to Argentina, bemusedly observed that Argentina is the "most disconcerting country you'll ever see." While on the surface much seems to function well - "absolutely first world" - the political decision-making process is "unfathomable and the most disorganized ever." Perez Yoma also said Chile continued to view developments in Bolivia, where the situation remains "fluid and difficult," with serious concern. Venezuelan influence is problematic, although thanks to the diminishing price of oil, Chavez will have less money with which to influence.

18. (U) The meeting closed with Chairman Meeks suggesting that, in its contacts with the Obama transition team, the GOC urge passage of the U.S.-Colombia FTA, stressing its importance to regional integration and economic growth.

19. (U) CODEL Meeks did not clear this message.
SIMONS